

in which they were established. This policy, whether intentionally or not, paralyzed the action of the departmental banks and gave a color of justification for the decrees of April 27 and May 2, 1848, providing for the fusion of the departmental banks with the Bank of France and limiting the issue of bills to the central institution and its branches. The language of the decree based the consolidation upon the ground "that the bills of the departmental banks form in certain localities special monetary signs, whose existence injects a deplorable perturbation into all transactions ; and that the essential interests of the country imperiously demand that every bank-bill declared to be legal money shall be able to circulate equally in all parts of the land." The government thus touched upon the weakest feature of the departmental system—the lack of interchangeability of the various note issues. This was in part the result of the government's own action in limiting the legal tender quality of the notes, but it was also true that there was no association among the banks which might have kept their notes in circulation without the legal tender quality.^a The Bank of France was given the aggregate circulation of the pre-existing banks and the maximum was raised by decree of December 22, 1849, to 525,000,000 francs.

The fusion of the departmental banks with the Bank of France resulted in an increase of the capital of the central institution by the exact amount of the capital of the nine departmental banks. The capital of the central bank had been reduced in 1823 by the purchase of outstanding shares to 67,900,000 francs and was increased by the absorption of the departmental banks to 91,250,000 francs (\$18,000,000). So strongly did the current of centralization run that it was proposed to unite the bank to the public domain under the name of the National Bank of France, but the Assembly was unwilling to increase the distrust already felt in circles by so radical a departure and rejected the proposals**

¹ *Lois et Statuts*, 67-

68. ²Courtois, 175-6.

³Noel, I., 114.